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May 15, 1957

Subject: Contract PO-660

File
PO-660
Correspondence

25X1A

Dear Sir:

In our letter to you of March 6, 1957, we proposed a new APPENDIX IV setting forth contract hourly rates for the period from December 31, 1956, thru July 14, 1957. It included rates which were subject to so-called plant overhead and rates which were subject to engineering overhead. As we mentioned to you, heretofore the rates set forth on these schedules as calculated at the engineering overhead included overhead at rates negotiated as appropriate by the Government, said negotiation taking place during our fiscal year and applicable for that year. The same theory applied to G & A used for all rates on the schedule. Since our accounting practice for burden applicable to those categories and overall G & A have been modified recently in a manner in which you understand, it seemed appropriate that we propose new contract rates immediately to reflect that change. Also, as you are aware, the Government has now precluded negotiation of Burden and G & A rates on any other basis than an after the fact survey. Thus, the Engineering Burden and overall G & A rates included on APPENDIX IV are those rates which have been approved by our cognizant Department of Defense Cost Agency for estimating purposes. The purpose of this letter is to assure you that at the time of the negotiation of fixed rates, if burden and G & A rates are negotiated which are substantially more or less than those set forth in APPENDIX IV, we would expect to propose to you a revised APPENDIX IV to reflect those rates.

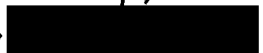
If you are in agreement, would you please initial a copy of this letter and return to me.

Yours very truly,

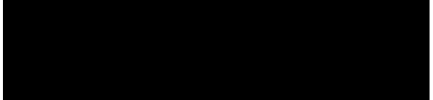
CHB *U* *W*

DOCUMENT NO. *58*
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS *SC* *201*
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: *64/281* REVIEWER: 010955

25X1A

cc: Mr. 
File

25X1A

*Discussed this with  6/29/57. It was agreed to let contract remain as is, without this collateral agreement. *Q**